

**MEMORANDUM FOR: Executive Director-Comptroller**  
**SUBJECT : Management and Supervision of NPIC**

1. It has become increasingly apparent that rising costs, a need to institute controls over requirements levied, and the desirability of arranging for a greater supporting role by DOD, all require new approaches to administration and management of NPIC.

2. The JIAG Report and its recommendations present new opportunities to deal with the screening, validation, and prioritizing of exploitation requirements levied on NPIC. This will be the undertaking of the USIB "instrumentality."

3. The Director of NPIC will continue direct management of NPIC in meeting assigned tasks. It has been practice at NPIC to accept virtually all requirements levied, and this has led to projections of substantial increases of NPIC funds and personnel and to a backlog of work. The projections must be trimmed and the backlog reduced. NPIC must develop capacity to note conflicts in instructions or requirements which cannot be met without relief--either through restructuring of requirements or reallocation of resources. An appeal channel is required so that the Director of NPIC can present conflicts to higher authority for resolution. The USIB "instrumentality" proposed by JIAG is one such authority. There is need for another.

4. The "instrumentality" cannot effectively deal with recurring management issues, such as allocation of resources to and within NPIC; extent to which overtime will be permitted; and the speed with which processing and preliminary reporting will occur.

Issues such as these are beyond NPIC's right to determine on its own. And it is not fitting that the Agency deal with them unilaterally. They should be considered and resolved in close consultation and collaboration between CIA and DIA.

5. To accomplish this consultation and to get agreed CIA-DOD guidance to NPIC, it is proposed that the Agency take steps toward establishment of a CIA-DIA "Board of Directors" to include the Director of DIA or his designee, D/DCI/NIFE, and the DDI, who will continue to be the responsible authority within the Agency for supervision of NPIC. This "Board of Directors" will develop necessary guidance for NPIC and over the years ahead can arrange for a greater DOD sharing of responsibilities and costs of running NPIC. Collection and exploitation of reconnaissance materials have grown rapidly, primarily because of DOD requirements and needs. The Agency cannot underwrite the exploitation effort by itself. We need DOD assistance--in funds and personnel--to meet NPIC needs.

6. One particular subject ripe for CIA-DIA discussion is NPIC research and development. JIIRG recommendations permit tasking of NPIC R&D by DOD components. In return for the right to task, the DOD should contribute funds and personnel. Another area for discussion is NPIC automatic data processing. The JIIRG-assigned responsibility of NPIC to provide a national imagery data base covering some [redacted] targets is substantial and expensive. We may well need DOD assistance to meet the responsibility. Discussions with DIA of such subjects as these can lead to eventual establishment of the "Board of Directors" concept.

7. There are several advantages in these arrangements. First, an enhanced DIA role can result in development of realistic and economical ways of dealing with the requirements problem. Awareness of the cost implications of requirements should help to make DIA a constructive co-operator of NPIC. Second,

the enhanced DMB role offers hope of relief in meeting NPIC funding and personnel needs. Third, NPIC obtains assurance that CIA and DOD (the two owners by terms of NSCIB #8) are jointly providing agreed guidance. Fourth, the three inter-related levels of controls promise a less costly, more efficient operation of NPIC.

8. The Director can be assured that each of the three levels of controls will be responsive to him. Presumably, there will be a CIA chairman and member of the JIIRG-proposed "instrumentality," which is, in any case, responsive to USIB and its Chairman. The Director will have two representatives on the "Board of Directors." And, the DDI remains the Director's responsible agent for overall supervision and management of NPIC.

9. Two additional points should be made. One deals with the definition of the term NPIC as used in this memorandum. NPIC includes PAC--the joint CIA-DIA imagery interpretation unit--and all support facilities. It does not include DIA, Army, and CIA/IAD departmental entities stationed in [redacted]. These latter entities are separate components.

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10. The second point concerns the subordination of CIA/IAD. It will be removed from direct supervision by the Director of NPIC and will be subordinated directly to the DDI. Under terms of the JIIRG recommendations, IAD is authorized to do departmental imagery interpretation in all categories of intelligence in meeting unique Director of Central Intelligence and/or CIA responsibilities. This capacity will be carefully nurtured, and we must insure that IAD is as responsive as possible to all appropriate and validated Agency requirements.

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Deputy Director for Intelligence

FKnoche [redacted] (31 October 1966)

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